Final Synopsis of the PhD Thesis

Challenges of Microfinance in Empowering Muslim Women Community: A Study with Reference to Dakshina Kannada District of Karnataka

Submitted to Mangalore University in Fulfilment of the Requirements for the Award of the Degree of

Doctor of Philosophy in Commerce

By

Masouda Sarwari

Research Scholar

Under the Guidance of

Dr. Subhashini Srivatsa **M.com, Ph.d, PGDHRM**

Associate Professor, Faculty of Commerce

University College, Mangaluru

Department of Post-Graduate Studies and Research in Commerce
Mangalore University, Mangalagangothri-574199
Mangalore, Karnataka

August 2022

Table of Contents

Chapter 1 - Introduction 1
Significance of the Study 5
Statement of the Problem 6
Research Questions 7
Research Objectives 7
Hypotheses of the Research 8
Scope of the Study 10
Profile of the Dakshina Kannada District 10
Demography 11
Literacy Rate 11
Agriculture 11
Chapters Scheme 11
Chapter 2 - Review of the Literature 14
Introduction 14
Microfinance and Women Empowerment 14
Challenges Women Face in Obtaining a Loan from MFIs 17
Challenges Microfinance Institutions Face in Empowering Women 18
Research Gap 19
The Research Methodology 20
The Research Design 20
The Research Approach 21
The Research Strategy 21
Time Horizon of the Study 24
Validity 24
Reliability 24
Sampling Technique 25
Population and Sample Size 26
Source of Data 27
Why South Canara District Central Cooperative Bank 28
Data Processing and Statistical Tools 29
Chapter 6 - Findings, Suggestions, and Conclusion 31
Demographic Profile of the Respondents 31
Personal Information 31

Family Background 32
Self-Help Group Background 32
Analysis of MFI Services 33
Challenges Muslim Women Face in Obtaining a Loan from MFI 33
Satisfaction of Muslim Women with the MFI Services 34
Satisfaction of Muslim Women with the MFI Services 34
Empowerment of Muslim Women Through Microfinance SHGs 35
EFA Analysis 35
T-Test, Paired Samples 36
Analysis of Microfinance Challenges and its Efficiency 37
Descriptive Analysis 37
EFA Analysis 37
Relative Importance Index (RII) 38
Efficiency of MFIS 38
Suggestions 39
Conclusion 41
Limitations of the study 42
Scope for Further Research 43
Partial References 45

Chapter 1 - Introduction

Decades of research have focussed on the debate that microfinance, through its services, alleviates poverty and improves disadvantaged and women who otherwise are excluded from access to financial resources due to providing collateral security (Khandker, 2000[1]; Armendáriz & Morduch 2010[2]; Kulkarni, 2011[3]).

Mainly, women's empowerment is the significant purpose of the microfinance program. It is about transferring those who previously experienced little control over their lives (Sarania 2015)[4]. Microfinance, through its services, including microloans, business training, and saving, alleviates women's poverty and improves their standard of living through empowerment and gender equality (Armendáriz & Morduch, 2010[2]; Kulkarni, 2011[3]; Khan & Noreen, 2012[5]). It changes women's lives by participation in family decision-making, negotiation, access to resources, and influencing human capital, attributes, and norms (De Aghion et al. 2007)[6].

However, to measure this across the globe, different scholars considered various dimensions of women's empowerment. For instance, Malhotra et al. (2002)[7] established several of the most commonly used components of women's empowerment based on frameworks constructed by various authors and scholars in multiple fields of social sciences, including financial, socio-cultural, psychological, legal, and political, and other relevant domains.

Tornqvist and Schmitz (2009)[8] stated women's economic empowerment, improves women's actual power regarding financial choices that affect their lives and social goals. Ahmad and Ahmad (2016)[9] further opined economic empowerment leads to income and purchasing ability, assets acquisition, participation in children's education decisions and control over productive sources. Similarly, Swapna (2017)[10] declared women's access to savings and loans leads them to an economic role in decision-making, self-confidence, and a better position in the family.

Consquencly, Khan et al. (2020)[11] in Pakistan revealed microfinance improves the financial income and consumption of women borrowers, making them financially stable and creating opportunities for the entire local community.

Malhotra and Schuler (2005)[12] also ranged social and cultural empowerment from freedom of movement, prevention of discrimination against daughters and violence, education opportunities for daughters, participation in domestic decision making, right of spouse selection, and decision making. Considering these parameters, Cheston and Kuhn (2002)[13] noted the significance of the non-financial empowerment of women, including social networks, self-esteem, and respect from the family and relatives. Besides, in Istanbul, Latifee (2003)[14] demonstrated women's access to microfinance changes their social situation in terms of self-respect, self-assurance, confidence, ability to solve social issues and gain respect in the family/husbands and community. Likewise, Swain (2007)[15] summarized the literature and stated microfinance significantly empowers women with prestige in the household and social empowerment.

Moreover, considering social empowerment Chhay (2011)[16] in Cambodia determined microfinance empowers women by allowing them to take their stand in society, uplift their standard of living and their families, and create a better position to participate in their children's education. Coupled with the above findings, Lamichhane (2020)[17] stated microfinance is a catalyst for social change and women's empowerment. Through access to microfinance services, women obtain self-employment opportunities, decision-making power, knowledge, self-worthiness, and community activities development.

Furthermore, besides the economic and social empowerment, the personal empowerment factor, quoted in existing literature as the freedom of movement, self-confidence, self-worth, and self-esteem, is another frequently debated indicator of women

empowerment. However, these variables are addressed under socio-economic and psychological empowerment as well.

Personal empowerment is the most influencing factor of microfinance on women's empowerment (Huis et al. 2017[18]; Gautam et al. 2019[19]; Hansen et al. 2021[20]). Microfinance improved the self-confidence of women borrowers (Littlefield et al., 2003[21]; Noponen, 2003[22]; Kabeer, 2005[23]; Burra et al., 2005[24]; Kim et al., 2007[25]; Revathy & Kailash, 2012[26]; Suresh & Saravanan 2013[27]; Arunkumar et al., 2016[28]; Swapna 2017[10]; Tariq & Sangmi 2018[8]). Similarly, women participants in microfinance reported higher self-esteem and self-efficacy than those who did not (Kratzer & Kato 2013)[29]. Moreover, microfinance improved women borrowers' standard of living and personal empowerment (Fayyaz & Khan 2021)[30]. Further, Bansal and Singh (2020)[31] elaborated more and confirmed the above claims that microfinance empowers women personally. It improved their self-confidence and self-worth, awareness, and knowledge of women participants. Therefore, microfinance has been recognized as a significant development, poverty alleviation, and economic and women empowerment strategy worldwide (Sultana et al., 2017)[32].

In the context of India, microfinance services are provided primarily through two separate models. Self Help Group-Bank Linkage (SHG-BLP) and the Microfinance Institution (MFI) models. However, microfinance provision is mainly governed by the Self-Help Groups (SHGs) bank linkage program (Reddy & Manak 2005)[33]. Microfinance through SHG has been known worldwide as the modern instrument to fight poverty and rural development (Sarumathi & Mohan 2011)[34]. Though in India, the program has been primarily promoted for its positive influence and belief that it empowers women (Swain & Wallentin 2012)[35]. The program is a part of the village banking, consisting of 10-20 women participants. These women initially save and borrow among themselves and build group discipline, and after six months of the formation, the groups can borrow loans from particular banks (Swain & Wallentin 2014)[36].

Considering this initiative, existing empirical research in the county argue that the program has been supporting women through small saving and making them financially independent. To illustrate, Sarma (2013)[37] concluded that SHG is a vital tool that helps rural women acquire power for their self-supportive life and country development. Bhoj et al. (2013)[38] evaluated three indicators of women empowerment and opined participation in SHGs has a remarkable influence on women borrowers' social, financial, and cultural empowerment. SHGs are an effective catalyst for social solidarity and the socio-economic betterment of poor women (Suresh & Saravanan, 2013[27]; Begum, 2014[39]). Consequently, Brody et al. (2016)[40] determined that SHGs significantly impact females' economic, political, social, psychological, mobility, and family planning empowerment variables.

Thus, there is a significant correlation between microfinance and women's empowerment (Laha & Kuri 2014)[41]. However, the level of empowerment in the country among various religions differs; these differences might be due to multiple variables, including socio-economic factors, religious norms and beliefs, and cultural expectations influencing communities (Sultana et al. 2017)[32]. Therefore, it is essential to consider such programs with sensitivity to varying cultural, historical, political, and regional contexts (Murshid & Ball, 2018)[42].

In the background of the above discussion, the need arises to assess the contribution of microfinance through SHGs for Muslim women, as well as to study the challenges MFIs face in empowering these women. The study assumes that Muslim women are empowered after joining self-help groups program. For this purpose, the author surveyed Muslim women's SHG bank linkage program of South Canara District Central Cooperative (SCDCC) bank in the Dakshina Kannada district of Karnataka.

Hence, the present study is much more detailed and covers broader aspects. It explores the empowerment of the Muslim women's community in terms of financial, socio-culture,

decision-making and personal empowerment. In addition, the challenges MFIs face in empowering Muslim women will be far more unique and imperative than the extant studies conducted in the southern states and Karnataka. Therefore, this particular research is intended to fill the gap in this respect.

Significance of the Study

Microfinance programs are commonly considered a viable development strategy, particularly in developing countries. The Self Help Bank Linkage Program of microfinance in India has been remarkably promoted for its significant economic impact and belief that it empowers women. The fundamental idea is that microfinance empowers women by placing money into their hands and enabling them to gain an independent income and financial benefit to their families and societies. This economic empowerment is supposed to give women beneficiaries higher self-esteem, recognition, and other forms of empowerment. To strengthen this, various researchers conducted further research to study the impact of microfinance on women's empowerment. Therefore, this study examines the area that has not been well studied in existing research.

In addition, the finding of this research will be significant to the government, Microfinance institutions, NGOs working for women empowerment, SHG formation agencies, individuals, and researchers.

The research is significant to the government because it could be used as an input for the policy formulation to consider more Muslim women communities' needs. Besides, it supports MFIs, to consider behavioral biases among different castes as many researchers in their studies declared the level of empowerment among religions differs. Women SHG participants of upper castes society were likelier to be empowered than other participants.

However, low castes women participants are either withdrawn from the program or weak to properly use the SHG program (Rao 2008[43]; Mukherjee 2015[44]; Pattenden 2010[45] ;

Sultana et al., 2017[32]). Further, the study findings would benefit researchers and academics conducting their research studies. To summarise, the analysis is critical for government regulators, MFIs management, NGOs working for women empowerment, SHG formation agencies, researchers, and academics.

Statement of the Problem

Since 1970 microfinance institutions have been evolving rapidly as their main motive is to provide loans to the poor to alleviate poverty that the commercial banks would otherwise exclude. Microfinance operation includes numerous programs, which all aim to provide financial services to needy households.

In India, microfinance is controlled primarily by Self Help Groups (SHGs)-Bank Linkage Programme. It aims to provide financial services to the deprived segment of society with a cost-effective mechanism. Hence, the extant literature has claimed that microfinance loans had empowered women in terms of income and savings that led to economic development. And economic improvement is fundamental to women's empowerment.

However, whether this empowerment is the same among different communities keeps rising among academics and scholars. Mainly, the focus has been on Muslim women's empowerment. Sultana et al. (2017)[32] declare that the level of empowerment among religions differs. Likewise, Mukherjee (2015)[44] reveals that the benefit had not been accrued uniformly among all socio-religious communities. Women of upper castes society participants of SHGs were more likely to be empowered than other participating members of socio-religious communities. As a result, females of low castes and low classes are either withdrawn from the program or are weak to properly use SHG programs (Rao,2008[43] & Pattenden, 2010[45]). Though several pieces of research have been carried out in India on women empowerment through SHG of microfinance, studies on Muslim women empowerment are still lacking in Dakshina

Kannada (Karnataka). Besides, evaluating the challenges of the MFIs in empowering these women is still in an embryonic stage.

Therefore, the current research aims to assess Muslim women's empowerment through the Self Help group program of microfinance and examine the challenges MFIs face in empowering these women in the Dakshina Kannada district.

Research Questions

1. What challenges do Muslim women SHGs encounter in obtaining a loan from MFIs?
2. Do Muslim women SHGs are satisfied with the MFIs' services?
3. What challenges do MFIs face in empowering Muslim women SHGs in Dakshina Kannada?
4. Does microfinance is an efficient tool for women's empowerment?
5. Does participation in the SHG program of microfinance empower Muslim women in Dakshina Kannada?

Research Objectives

1. To have a brief review of microfinance history and models in India.
2. To study the Muslim women's SHGs challenges in obtaining a loan from MFIs in Dakshina Kannada.
3. To examine the satisfaction level of Muslim women's SHGs toward microfinance services in Dakshina Kannada.
4. To identify and assess the challenges of the MFIs in offering services to Muslim women SHGs in Dakshina Kannada.
5. To evaluate the relative importance of microfinance significance indicators in empowering women.
6. To examine the impact of the SHG program of microfinance on Muslim women empowerment in Dakshina Kannada.

Hypotheses of the Research

The researcher developed the following three sections of hypotheses to address the research questions and objectives:

Challenges in Obtaining a Loan from the MFIs

1. H_0: There is no significant association in the perception of Muslim women's SHGs regarding loan obtaining problems from MFI based on their age group and family type.

   H_a: There is a significant association in the perception of Muslim women's SHGs regarding loan obtaining problems from MFI based on their age group and family type.

2. H_0: There is no significant association in the perception of Muslim women's SHGs regarding loan obtaining problems from MFI based on their marital status and geographical background.

   H_a: There is a significant association in the perception of Muslim women's SHGs regarding loan obtaining problems from MFI based on their marital status and geographical background.

Satisfaction of Muslim Women SHGs Toward Microfinance Services

3. H_0: The distribution of satisfaction of Muslim women SHGs toward microfinance services is not the same across four marital status categories.

   H_a: The distribution of satisfaction of Muslim women's SHGs toward microfinance services is the same across four marital status categories.

4. H_0: The distribution of satisfaction of Muslim women SHGs toward microfinance services is not the same across four age groups.

   H_a: The distribution of satisfaction of Muslim women SHGs toward microfinance services is the same across four age groups.

5. H_0: The distribution of satisfaction of Muslim women SHGs toward microfinance services is not the same across two categories of family types.

   H_a: The distribution of satisfaction of Muslim women SHGs toward microfinance services is the same across two categories of family types.

6. H_0: The distribution of satisfaction of Muslim women SHGs toward microfinance services is not the same across three geographic regions.

   H_a: The distribution of satisfaction of Muslim women SHGs toward microfinance services is the same across three geographic regions.

Impact of SHG programs of Microfinance on Muslim Women's Empowerment

7. H_0: No significant difference is there in the financial independence of Muslim women after joining SHGs.

   H_a: A significant difference is there in the financial independence of Muslim women after joining SHGs.

8. H_0: No significant difference is there in the decision-making ability of Muslim women after joining SHGs.

   H_a: A significant difference is there in the decision-making ability of Muslim women after joining SHGs.

9. H_0: No significant difference is there in the socio-culture status of Muslim women after joining SHGs.

   H_a: A significant difference is there in the socio-culture status of Muslim women after joining SHGs.

10. H_0: No significant difference is there in the personal empowerment of Muslim women after joining SHGs.

    H_a: A significant difference is there in the personal empowerment of Muslim women after joining SHGs.

Scope of the Study

In researching the impact of microfinance on women's empowerment, various variables have been considered by global researchers. The microfinance loan scheme through SHGs influenced women to acquire an important position in family choice-making, access to financial and economic resources, higher social networks, better-negotiating power regarding their spouses, and better liberty of movement. Therefore, this study examines the financial, socio-cultural, decision-making and personal empowerment of Muslim women through the Self-Help group program of SCDCC (South Canara District Central Cooperative) bank. In addition, to assess the challenges MFI faces in empowering these women in Dakshina Kannada district.

The research began in September 2017, and the primary data collection (survey) took place in March-August 2020. eventually, the study was done by mid-2022.

Profile of the Dakshina Kannada District

Dakshina Kannada (previously South Kanara) is one of Karnataka State's three coastal districts, with 4859 sq. km, which makes up around 2.53 percent of the state's total geographic area. It is located between the foothills of the Western Ghats in the east and the Arabian Sea in the west, in the north neighbor with Udupi district, on the north-eastern and east Chikkamagaluru and Hassan districts respectively, Kodagu district on the south-east and Kasaragod district of Kerala on the south. The district has five taluks Bantwal, Belthangady, Mangaluru, Puttur, and Sullia.

Mangalore is the district headquarters and one of the significant wharf cities of Karnataka state. The pristine beaches, beautiful mountain ranges, temple towns, and unique culture make it a popular tourist destination. DK has a tropical monsoon climate with fluctuating climate zones. In the coastal region, it is humid, hot in the midland, and cool in the Ghat zone. The district has the maximum rainfall, mainly from the South-West monsoon. The

DK's typical annual rainfall is 3912 mm, compared to the state average of 1198 mm (HDR, 2014)[46].

Demography

The total district population, as per the 2011 census, was 20.90 lakh, from which 10.35 lakh (49.5%) are men and 10.55 lakh (50.5%) are women. Among the five Taluks, Mangaluru city has the largest population, 9.95 lakh, followed by Bantwal 3.95 lakh, Puttur 2.88 lakh, Belthangady's total population is 2.67, and Sullia, 1.45 lakh (HDR, 2014)[46].

Literacy Rate

The district is a pioneer in education. As per the 2011 Census, there were 16,66 lakh literate people in the region, of which 8,64 lakh were men and 8,02 lakh were women.

The literacy rate is (88.57%) compared to the state average of (75.6%). Thus, DK seems to have the state's most considerable literacy rate. Moreover, the gap between the literacy rates of men and women was reduced from (12%) in 2001 to (9%) in 2011 (HDR, 2014)[46].

Agriculture

Agriculture and related activities are the backbones of the district's rural economy, where most people live. However, fishing is the main occupation in the coastal area.

The district has an excellent area for cultivated and horticultural crops, mainly cocoa, areca nut, cashew-nut, rubber, pepper, vegetables, and fruits such as mango, banana, pineapple, sapota, lemon, and guava (HDR, 2014)[46].

Chapters Scheme

Research work is summarized in the following six chapters.

Chapter -1: Introduction

This chapter consists of an introduction section, which includes the definition and as well as other aspects of the research study such as the Significance of the Study, Statement of

the Problem, Research Questions, Research Objectives, Hypotheses of the Study, Scope of the Study, Profile of the Dakshina Kannada district, and Chapter Scheme.

Chapter -II: Review of the Literature

This chapter contains the Literature Review from various journals, books, reports, Doctoral theses, and other related references. For ease of understanding, the literature is divided into Microfinance and Women empowerment, Challenges Women Face in Obtaining a Loan from MFIs, and Challenges Microfinance institutions Face in Empowering Women. In addition, it illustrates which aspects have been researched, what research gaps exist, and how the current research attempts to fill them.

Chapter- III: Theoretical Framework of the Study and the Research Methodology

This chapter covers two broad aspects first part discusses the Theoretical Framework, which describes Microfinance, Empowerment, the importance and concept of Gender and Empowerment, Women Empowerment and Microfinance and Women Empowerment Concept. The second section includes a detailed description of the Research Methodology, Sampling Technique, Data Sources, Why South Canara District Central Cooperative Bank, and Data Processing and Statistical Tools.

Chapter-IV: Historical Overview

This chapter contains the conceptual context of the subject matter. It starts with the Worldwide Microfinance Background, History of India's Microfinance, Microfinance Models in India, Evolution of Microfinance Institutions in India, Services of Microfinance in India, Why Microfinance Targets Women, Women in Dakshin Kannada, and a brief profile of (SCDCC) bank and its implementing NGO Navodaya Grama Vikasa Charitable Trust (NGVCT).

Chapter- V: Data Analysis and Interpretation

This chapter consists of the research analysis and interpretation from Muslim women and MFI's staff respondents. The first section covers the Reliability Test, Descriptive Analysis, which encompasses Respondents Socio-Demographic, Family Background,Self Help Group Background and MFI Services Analysis. Besides, the inferential statistic analysis includes the Challenges Face Muslim Women in Obtaining a Loan from MFI, the Satisfaction of Muslim Women with the MFI Services, and the Empowerment of Muslim Women Through Microfinance SHGs. The second section comprises an Analysis of Microfinance Challenges and its Efficiency from the MFI's staff perspective, and the chapter ends with the Summary of Hypothesis Testing.

Chapter VI: Findings, Suggestions and Conclusion

This chapter covers the study's significant findings and, based on the findings' required suggestions, are made to the concerned stakeholders. Finally, the chapter ends with a conclusion from the research work, Limitations of the Study and Scope for Further Research studies.

Chapter 2 - Review of the Literature

Introduction

The literature study provides a comprehensive overview of existing research; such researches shed light on the previous studies on a particular issue and opens future research trend. Further, it facilitates finding the research gaps in current studies.

This chapter presents the theoretical foundation and empirical findings of previous research on women empowerment through microfinance programs such as the Self Help Group Bank Linkage program and examines certain empowerment variables. Besides, challenges faced by the microfinance institutions in empowering women are also discussed.

For this purpose, the researcher reviewed extant literature and included the most relevant findings considering several leading empowerment indicators, including financial empowerment, social and personal empowerment, and other relevant variables worldwide.

The first section of this chapter addresses microfinance and women's empowerment. The second part covers women's challenges in availing the loan from microfinance institutions. The third section discusses the challenges that microfinance institutions face in empowering women, and the chapter concludes with the research gap discussion.

Microfinance and Women Empowerment

Microfinance has the power to considerably impact females' lives by empowering them (Mayoux 2006)[1]. These institutions are vital in reducing gender discrimination and women empowerment (Mayoux, 1998)[2]. Microfinance, through its services such as microloans, business training, and saving programs alleviate poverty and improve the disadvantaged and females (Armendáriz & Morduch, 2010[3]; Kulkarni, 2011[4]). Participation of women in microfinance schemes increases women's empowerment (Pitt 2006[5]; Tiwari & Thakur 2007[6]; Hameed & Imtiaz 2018[7]). And there is a strong correlation between microfinance and women's

empowerment (Laha & Kuri 2014[8]). Though most microfinance institutions discussed evidence of empowerment, few have conducted a study on the empowerment of their programs on empowerment. Therefore, the available information and facts provide a combined outcome, showing both success and a few limitations of microfinance in empowering women (Cheston & Kuhn 2002)[9]. For instance, in a review article, Hunt and Kasynathan (2001)[10] considered exploring the role of microfinance on women empowerment used by NGOs in Bangladesh and India. The authors reported some degree of women empowerment in household decision-making, control over the availed loan, freedom of movement, self-respect, and self-worth.

Mayoux (2001)[11] evaluated the experience of seven micro-finance schemes in Cameroon. The study findings illustrated that microfinance programs that provide social capital could significantly contribute to women's empowerment.

Corsi et al. (2006)[18] assessed microfinance programs' social and economic effects on women's lives in the Mediterranean countries. The result showed that access to credit transforms women's lives and provides the opportunity to fight poverty. Besides, the authors stated that microfinance provides credit to females to obtain a high guaranteed return rate on their capital, resulting in economic support and empowerment.

Pitt et al. (2006)[19] investigated the impact of women's participation in microcredit programs considering various elements of women empowerment, employing data from a detailed survey conducted in rural Bangladesh. The research found that the involvement of women in microfinance schemes increases women's empowerment. Loan schemes cause females to have a significant position in family choice-making, better access to financial and economic resources, higher social networks, better-negotiating power with their spouses, and better freedom of movement. However, the impacts of masculine loans on female empowerment have usually been negative.

Lakshmi and Vadivalagan (2010)[26] studied the social and economic empowerment of SHG participants in India. The research findings revealed that beneficiaries who join SHGs receive credit and employment opportunities, which leads to economic and social empowerment.

Sultana et al. (2010)[27] sought to determine the process of women's empowerment through microenterprise in four rural regions of Bangladesh. The authors used review study, personal observation, and case study methods from Grameen Bank and BRAC institutions. The study reported that microfinance institutions offer poor women small amounts of capital to start small businesses and support them in becoming economically empowered, raising awareness and increasing their ability to improve their position.

Aruna and Jyothirmayi (2011)[28] assessed the microfinance Self Help Group Bank Linkage Program influencing women empowerment in Hyderabad (India). The study employed regression and factor analysis and declared that membership in SGHs of microfinance substantially affects women's empowerment. The empirical result of the study also concluded that microfinance has a considerable impact on the economic status, decision-making ability, knowledge, and self-worth aspects of women empowerment.

Arora and Meenu (2011)[29] concluded microfinance is an effective tool for improving women's empowerment. The program also benefited women's families by providing credit for the house renovation, consumption purposes, savings, children's education and marriage.

Sarwari and Srivatsa (2021)[104] examined if participation in Self-Help groups has empowered the Muslim women community. The study considered pre and post-situation of 346 Muslim women in Dakshina Kannada, India. Using Wilcoxon signed ranked test and Kruskal Wallis on Financial and Social parameter of women empowerment, the finding revealed a significant impact of microfinance on Muslim women empowerment. However, the level of empowerment was not similar among four Taluks of research respondents. Women in Bantwal Taluk were more empowered in both indicators than the three other Taluk.

In another, **Sarwari and Srivatsa's (2021)**[105] research in Karnataka, India, surveyed 389 Muslim and non-Muslim SHG women in an empirical study. The study illustrated that membership in SHGs substantially empowered Muslim and non-Muslim women. In terms of financial and sociocultural factors, the study also showed that Muslim women were less empowered than non-Muslim women. Although both groups had similar levels of empowerment when it came to making decisions about child marriage, basic household decisions, and acquiring personal assets.

Sultani et al. (2021)[106], in their empirical study in Bamyan, Afghanistan, assessed the role of microfinance on its borrower's income generation and employment opportunities. Surveying 220 borrowers, the research determined that microfinance substantially impacts shifting to a better job after borrowing from microfinance. Moreover, it supported the participant in raising their income and employment opportunities.

The aim of **Hansen et al. (2021)**[107] was to investigate the level of personal empowerment of women participating in microfinance programs. The study considered primary and secondary data collected from 414 women in West Bengal. The author argued that participation in microfinance significantly impacted empowerment and supported those who used the loans for entrepreneurial purposes.

Challenges Women Face in Obtaining a Loan from MFIs

Ravi et al. (2012)[112] investigated the difficulties faced by women SHG members in obtaining loans from microfinance institutions in the Namakkal district of Tamil Nadu (India). The researchers focused on 750 women's SHGs and found that the first problem was the lack of proper guidance. The second was formalities for obtaining the loan, and the third was difficulty approaching the authorities. Besides, the study discovered that problems differed across different categories of respondents.

Waita (2012)[113] assessed women's challenges in obtaining credit from microfinance in Kenya. These challenges include collateral requirements, business skills, and cultural beliefs.

Ali et al. (2016)[114] sought to study the effectiveness of microfinance programs and contributing indicators of poverty among borrowers in the Gogra district (Bangladesh). The authors discovered that microfinance programs were ineffective due to high-interest rates, insufficient loan amounts, unproductive loan utilization, corruption and a lack of MFI staff skills, weekly repayment, and physical and mental harassment of poor women.

Kebede and Regassa (2019)[115] examined the challenges women microfinance participants face in Ethiopia. The study revealed the challenges in participating in microfinance services are high loan requirements, poor resource mobilization by providers, high withdrawal rate, the gender gap in loan disbursement, financial outlays, and lack of insufficient entrepreneurial training skills.

Challenges Microfinance Institutions Face in Empowering Women

Campion (2002)[116] addressed barriers to microfinance commercialization, including unsuitable donor subsidies, improper regulation and supervision, and limited management capacity.

Thorat (2006)[117] noted India’s microfinance institutions’ critical issues. Sustainability: the cost of supervision of credit is high, and the loan size and volumes are small. Lack of capacity: Many MFIs are socially oriented institutions and don’t have adequate access to financial resources; therefore, they have high debt-equity ratios. Moreover, the author reported that borrowing and capacity are other challenges for microfinance institutions.

Burkett and Sheehan (2009)[118] evaluated the microfinance challenges raised in Australia. These issues are the stability of existing programs, the program's progress beyond pilot stages and its extension, and the measurement of the program impact if it has had any influence on financial exclusion.

Muhammad (2010)[119] purposed to examine the challenges and opportunities in Pakistan's microfinance sector. The study named the sector's challenges including improper regulations, increased competition, innovative and diverse products, profitability, stability, and MFIs' limited management skills.

Rai and Rai (2012)[120] aimed to explore the factors influencing the financial sustainability of MFIs in India and Bangladesh. The analysis of financial data of MFIs determined that capital/asset ratio, operation cost/loan portfolio, and portfolio at risk more significant than 30 days are the critical indices influencing MFIs' sustainability.

Kanayo et al. (2013)[121]**,** by a content analysis of extant literature, revealed that microfinance institutions in Nigeria have failed due to poor loan quality, loan repayment default, high transaction costs, widespread delinquency, and management deficiencies.

Research Gap

The literature review through existing articles, journals, reports, and thesis elucidates that although numerous studies have been conducted across the world and India, the study of microfinance and women empowerment still evolves in developing countries and India.

Various pieces of research have determined a trend in women's empowerment's significance in their families and countries' economic development. These studies have been carried out across almost all the country's states. However, comprehensive preliminary studies covered a few aspects of Muslim women's empowerment and the challenges these MFIs face in empowering them. Moreover, searching various research databases, including Web of Science, Scopus, and Google Scholar, only a few studies are conducted to assess Muslim women's empowerment through Self Help Group's microfinance program in Dakshina Kannada. Thus, the present study is much more detailed and covers deeper aspects. It explores the empowerment of the Muslim women's community in terms of financial, social, decision-making and personal empowerment. In addition, the challenges microfinance institutions face

in empowering them will be far more unique and imperative than the extant studies conducted in the southern states and Karnataka. Therefore, this particular research is intended to fill the gap in this respect.

And the present study's findings will be critical to the microfinance institutions, banks, policymakers, and individuals willing to know about Muslim women's empowerment.

The Research Methodology

This section presents the research design, strategy, sampling, and analysis tools used in the study. Different researchers, based on the nature of the research problems, have used distinct categories of research design. For instance, a research study may use a mixed method of exploratory, descriptive and explanatory to mix more than one purpose in its design or a single research design in a way that has scope to promote more than one purpose (Saunders et al. 2016)[112]. For the current research to address the study's objectives, the author used a comprehensive methodology presented in the following subsections.

The Research Design

A research design is a general plan, framework, and strategy to answer research questions or problems. The goal is a full-study program for the investigation. It provides an overview of what the researcher will do, from developing the hypotheses to the final data analysis (Kerlinger 1986: 279)[113].

For this study, the researcher has undertaken a combined research design of exploratory, descriptive and explanatory nature; firstly, the study used an exploratory research design to review the existing literature as a literature review is one way to conduct exploratory research (Saunders et al. 2016)[112] and explore certain women empowerment variables for the current study as well as possible challenges that microfinance institutions face in empowering these women.

Secondly, to describe the study variables determined, the research has been put into the descriptive research category. The descriptive study design is the most utilized research design in Microfinance (V, 2015[114]; A, 2018[115]; Trina, 2018[116]). Subsequently, to explain the relationship between the independent and dependent variables, the research also used an explanatory design. Hence the nature of the current study is a combination of the research design used also by (Rajdev 2015[117]; Dixit 2016[118]; Sherwani, 2017[119]) in their research theses.

The Research Approach

After identifying a specific research design, the researcher must decide on a particular approach from deductive and inductive approaches to follow. When the research starts with a theory, often developed from academic literature, and designing a research strategy to test the theory, it is a deductive approach (Saunders et al. 2016)[112]. Thus the deductive approach is based on a general concept of reaching a specific situation and is related to the paradigm of positivism, which involves hypotheses to prove assumptions. Therefore a deductive approach is adopted for this research to find the critical women empowerment variables for the current study and possible challenges that microfinance institutions face in empowering these women, which requires quantitive data.

The Research Strategy

The survey technique typically relates to a deductive approach. It is a common and popular strategy in business and management studies, often used to deal with what, how, where, and how many. Accordingly, it appears to apply in exploratory and descriptive studies. Survey strategies utilizing questionnaires are common because it enables a very economical data collection from a large population (Saunders et al. 2016)[112].

In the current research, two separate structured questionnaires have been used that contained both quantitative and qualitative questions to collect data for descriptive and inferential analysis purposes. The low education level of the targeted population and being an

outsider researcher with the lack of information and local language barriers in the research area persuaded the researcher to use structured questionnaires rather than face-to-face and oral questionnaires survey methods.

Two separate structured questionnaires for Muslim women SHGs and bank staff were prepared based on the variables reviewed in the literature. The questionnaires were designed in English and translated into the Kannada language (the state's local language) for Muslim women's SHGs due to their low education level. However, the English google form was used for bank staff (Branch Managers).

The structured questionnaire for Muslim women SHGs respondents consists of five sections with dichotomous closed-ended, multiple-choice closed-ended, and Likert scale questions.

The first part covers socio-demographic indicators such as age, education level, marital status, occupation, family type, size, family head, number of children, status and type of house, number of bread earners, and monthly income before and after joining SHGs questions.

The second section encompasses the background information of the SHGs and bank-related information, such as the purpose of obtaining a loan from SHGs, other sources of loan, average annual saving, purpose and sources of it, duration and cycle of the loans, repayment sources, and whether the respondents have a personal bank account questions are covered.

Part three assesses various socioeconomic variables of women empowerment before and after joining SHGs. These variables include financial variables (access to credit, income, savings, and personal assets, acquisition of the household asset, and women’s control over household resources), social variables (communication in the community, respect among peers, awareness of state government banking programs considering the Muslim community and participation in cultural events), and personal empowerment (freedom to visit parents, hospital, Self-confidence, and self-worth) and other related questions.

Part four of the questionnaire carries Likert scale questions on agreement/ satisfaction on 5 points scale, including the respondents' measurement satisfaction level on repayment instalment, saving interest rate, borrowing interest rate, supporting financial literacy, supporting children's education, satisfaction with the MFI product and services, and consideration of borrowers' complaint.

Afterwards, the last part of the questionnaire focuses on the respondent's challenges in obtaining loans on 5 point scale. These questions are lack of MFI concern to the Muslim community, the complication of loan procedure, lack of funds, difficulties due to education, religious beliefs, and other related variables.

For the bank staff, the author prepared a structured English version questionnaire to examine microfinance challenges in empowering Muslim women's SHGs. A total of 68 attributes had been identified based on the literature review, and after consultation with experts and pilot surveys, it was reduced to 33 questions.

The questionnaire consists of three parts, and the first section includes variables to assess the borrowing behavior of Muslim women's SHGs from the bank's staff perspective, such as the purpose of availing a loan by SHGs, the purpose of granting loan by the bank, control over the availed loan, the action taken against defaulters and non-repayment reasons by Muslim women borrowers

The second and third sections contain the Likert scale questions on 5 point scale to measure the challenges and role of MFI in empowering Muslim women SHG members. The google form questionnaire was sent to the South Canara District Central Cooperative (SCDCC) bank branch managers.

The instrument questions for both questionnaires have been developed based on the constructs and variables observed in the literature. Besides, some questions have been adapted

from previously developed microfinance and women empowerment research studies (Kaur, 2012[120]; Kheni, 2016[121]; Sherwani,2017[119]; A, 2018[115]) to suit the current study's breadth.

Time Horizon of the Study

The time horizon for the current research is cross-sectional as the study had to be done at a particular time (2017-2022) on a specific phenomenon (Muslim women empowerment and microfinance challenges in empowering Muslim women SHGs). As Saunders et al. (2009)[122] declared, the study of any particular phenomenon at one specific time is a cross-sectional study and is often applied with the survey strategy.

Validity

Validity refers to the suitability of the measures performed, the reliability of the outcome analysis, and the results (Saunders et al. 2009)[122]. It refers to testing the quality, results, and interpretation of the data (Creswell & Plano Clark, 2011)[123].

To ensure the study's validity, a panel of faculty and research experts checked the questionnaires to regulate the survey's validity before respondents obtained the instruments. The main threat to the study's validity was the accuracy of the correct translation of the questionnaires to the Kannada language. A native Kannada speaker translated the questionnaire into the Kannada language for Muslim SHG respondents. Eventually, as a native Kannada speaker, the research guide examined the final Kannada version of the questionnaire.

During the data collection, an experienced enumerator serving with SHGs was appointed and presented to assist the researcher and answer questions from the native Kannada Muslim women SHG respondents.

Reliability

Reliability refers to the consistency, precision, and predictability of the scale. It reveals how a measurement procedure is free of random errors (Chawla & Sondhi, 2015)[124].

Reliability measurement was conducted on both questionnaires after the pilot survey and expert analysis. The pilot survey was conducted with 20 Muslim women respondents in rural Mangalore and ten bank staff as the targeted population to examine the validity of the questions and the possible reliability of the data to be obtained, as well as to clarify the questionnaires so that the respondents will have no object answering the questionnaire and no issue in documenting the data (Saunders et al. 2009)[122].

Internal consistency coefficients of the variables included in the questionnaires were measured using Cronbach's alpha on questionnaires collected from the pilot survey.

Cronbach's alpha coefficients calculate the internal consistency (reliability) of a survey questionnaire with the help of the following formula.

$\alpha = N^* \bar{c} / \bar{v} + (N-1) * \bar{c}$

Where

N = number of items

$\bar{c}$ = mean covariance between items.

$\bar{v}$ = mean item variance

Using Cronbach's alpha, the reliability analysis showed that the variables had an adequate discriminatory strength on the five-point scales. The alpha values were .806 and .809 for the borrowers and the staff questionnaires, respectively. Both the values fall between $0.80 \leq \alpha \leq 0.95$, which is very good reliability (Chawla & Sondhi, 2015)[124].

Sampling Technique

Sampling is the process of selecting a reasonable number of elements from the population so that the study of the sample will help identify the population's characteristics and make it possible to generalize the results (Chawla & Sondhi, 2015)[124]. From the two sampling techniques, probability and non-probability techniques, the researcher used the Stratified probability technique for study respondents. This technique allows one to believe that the

results are precise and unbiased; besides, it can predict how accurate the data will likely be (Salkind, 2010)[125]. Therefore, the selected technique considered the five Taluks of the Dakshina Kannada district as strata to ensure representation for all SHG Muslim women.

Similarly, for the bank staff, as only 60 branches were operating in the Dakshina Kannada district, the questionnaire was sent to all these 60 branch managers, out of which 53 managers responded. Therefore, the sample size of the bank staff was 53, or (88.33%) of the targeted population. Still, it is above the criteria suggested by Baruch & Holtom (2008)[126] for most research studies associated with organizations' representatives; a sample size of approximately 35- 50 percent is appropriate.

Population and Sample Size

In this study, the researcher approached the Muslim women of the Navodhaya Self Help Group scheme of South Canara District Central Cooperative (SCDCC) bank living in urban, semi-urban, and rural areas of five Taluks (Mangalore, Bentwal, Belthandgady, Puttur, and Sullia) in Dakshina Kannada. The total number of SHG women member in SCDCC bank as of 31-03-2020 was 91416. From preliminary information provided by the Navodhaya Self Help Group program's staff, it was found that only 15% of the total women SHGs are Muslim women. And for the present study, all 15% are selected as Saunders et al. (2009)[122] reported it is possible to collect data from the whole population if manageable.

To determine the sample size researcher used Slovin's (1960)[127] formula, for the large known population, with 5% of significance level.

$n = N/ (1+N*e^2)$

Where:

n = sample size ,N = Population size, , and e = Margin of error

Taking the confidence level of 95%

Population = 13713

Margin of error = 5%

$n = 13713/ (1+13713*0.05^2)$

$= 13713/35.28$

n= 389

Besides, different other studies in this field have used almost similar sample sizes, using Slovin's (1960)[127] formula, for example, (Holvoet, 2005)[128] N=300, (Garikipati, 2008)[129] N=291, (McIntosh, 2008)[130] N = 380, and (Tedeschi, 2008)[131], N=393.

Table 3. 1

Selection of Sample Size

Taluks	Total No. of Women Members	The Sample Size For Each Taluk
Mangalore	24050	102
Bantwal	24056	102
Belthangady	18067	77
Putter	15160	65
Sullia	10083	43
Total	91416	389

Source: Authors'calculation based on Muslim Women Population of the NGVCT Record

Table 3.1 represents the sample size for this study which is 389 respondents.

Source of Data

The current research is based on both primary and secondary data sources. The primary data have been collected through the questionnaires from Muslim women of the Navodhaya

Self Help Group program of (SCDCC) bank and branch managers working with Muslim women SHGs in Dakshina Kannada district.

Besides, to assess the challenges of SCDCC bank/MFI in empowering Muslim women, the bank's branch managers were the key source of data collection. Thus fifty-three branch managers out of 60 branches across five Taluks of Dakshina Kannada were the sample elements and responded to the structured administrative questionnaire.

However, the secondary data have been collected from the state and central government annual reports, books, journal articles, doctoral dissertations, the SCDCC bank and NGVCT websites, and other related references.

Why South Canara District Central Cooperative Bank

The most important reason for selecting this institution was their generous support and assistance when no other microfinance institutions or banks agreed to assist the researcher in collecting the required data from Muslim women's Self-Help Groups. As president Modi's administration passed the Citizenship (Amendment) Act (CAA) on December 12, 2019. According to this act, religion is a basis for granting citizenship in India for the first time. The amended citizenship law, combined with the government's motion for a nationwide citizenship verification process via a National Population Register (NPR) and a proposed National Register of Citizens (NRC) attempted to identify "illegal migrants" even though millions of Indian Muslims have lived in the country for generations (Human Rights Watch, 2020)[132].

And this incident started right when the data collection phase was about to begin and no Muslims were willing to share their information with anyone due to the mentioned act. Therefore, considering this and the only institution was the reseason for choosing South Canara District Central Co-Operative Bank.

Besides, this institution is dedicated to women's empowerment. In addition, it has received several awards, including State-level awards from the National Bank for Agriculture

and Rural Development (NABARD) in 2005 and 2006, India's largest and fastest-growing microfinance program.

Data Processing and Statistical Tools

After collecting the required data from sample respondents, the data have been entered in the SPSS version 25 to produce descriptive and inferential statistical analysis. SPSS and MS Excell are used for descriptive statistics, including percentages, frequency, tables, and figures, to analyze the demographic information of the research respondents.

In addition, inferential statistics such as the multivariate statistical approach Exploratory Factor Analysis (EFA) is employed to diagnose various dimensions of women empowerment. In addition, it is used to identify and extract the significant variables measuring MFI's challenges in empowering Muslim women's SHG in Dakshina Kannada.

Besides, paired sample t-test is conducted to investigate the financial independence, decision-making ability, socio-culture status, and personal empowerment indicators of Muslim women's SHGs after joining SHGs.

Moreover, the nonparametric tests, such as the Chi-square test for independence and Fisher's Exact test, are applied to study the association of demographic variables and indicators measuring perceived challenges by Muslim women SHG participants in obtaining a loan from MFI.

Further, for Muslim women borrowers' satisfaction regarding MFI services, descriptive statistic (frequency) is conducted to examine how many respondents were satisfied utilizing the MFI services. In addition, the Kruskal-Wallis H test is also used to assess if there is a significant difference in satisfaction level among Muslim women SHGs, considering their demographic characteristics (marital status, age groups, family type, and geographic region) variables.

Furthermore, to study the MFI's staff perception, RII was employed on the obtained factors extracted by EFA, to investigate the relative importance index of challenges of MFI in empowering Muslim women's SHGs; eventually, the efficiency of MFI in empowering women was also evaluated using RII with the help of MS Excell.

Chapter 6 - Findings, Suggestions, and Conclusion

The result of empirical research through descriptive and inferential analysis is conducted in the previous chapter. Based on the study's outcome, this chapter will include a summary of the research findings, conclusions and possible suggestions to specific stakeholders.

Demographic Profile of the Respondents

In this section, the findings based on the demographic profile of the Muslim women SHG respondents will be discussed. Demographic originated from the awareness that population statistics may demonstrate a considerable measure of the character of communities and the changes that occurs within them (Rowland 2003). Thus, the demographic profile of the study respondents is considered to know their characteristics such as age, education, occupation, and other relevant variables.

Personal Information

Age. The research found that the majority (60.2%) of the Muslim women's SHGs were between 25-40 years. Followed by the age group of 40-55 years (34.2%). Another (5.3%) and (.3%) of the respondents were in the age groups of above 55 years and below 25 years respectively (Table 1).

***Marital Status*.** The descriptive analysis of the marriage status of the sample participants revealed that the majority of the women were married (88.9%). However, (5.7%) of beneficiaries were unmarried, followed by (4.9%) of widows and (.5%) divorcees (Table 2).

Education. The research found that most (41.39%) of the women beneficiaries were only primary schooled, followed by high schooled (32.13%). In contrast (15.17%) of these females never enrolled in school or specific educational programs. Another (11.05%) of the participants had bachelor's degrees. However, only (.26%) or one woman in the total sample size of 389 had a postgraduate degree (Table 5).

Occupation. Considering the career of the sample participants more than half of them (55.2%) were employed in beedi rolling. Another (17%) had private jobs, (9.5%) had different

occupations, and (8.2%) were in agriculture. (2.6%) women were professionals, and (2.3%) had small shops, and finally, (1.3%) and two groups of (1%) were occupied by handicrafts and government jobs and animal husbandry (Table 6).

Family Background

- The research found that the majority (77.9%) of Muslim women SHGs lived in a nuclear family.
- The majority of sample respondents (78.4%) of the participants had 1-5 family members.
- Most women respondents (70.5%) had their husbands as their family heads.
- It was found that a large number of the sample respondents (71.3%) had 2-3 children.
- The study found that (88.5%) of the Muslim women SHG participants had their own houses.
- Most respondents (64%) had tiled houses.
- Out of the total sample size, the majority (64.8%) of respondents had 2-3 earners in their families.

Self-Help Group Background

- The study found that (46.3%) of Muslim women joined the SHGs to promote savings.
- It was found that most respondents (30.9%) borrowed a loan for personal purposes.
- The majority of respondents (57.3%) of women never borrowed from other sources; however, if they borrowed majority were from other banks (19.8%) besides other sources.
- The study revealed that most women (45.2%) saved for their children's education.
- It was revealed that many sample respondents (44%) saved less than Rs.5000 per annum.
- The study found that most (52.4%) of respondents saved from their income.

Analysis of MFI Services

- The research found that most women (33.9%) were in the SHG program for 2-4 years.
- The study revealed that most (60.6%) of the sample participants borrowed 2-5 times since they joined the program.
- The study also revealed that most (90%) of the sample respondents didn't encounter any challenge in obtaining a loan from MFI. However, only (10%) of women experienced difficulties, and out of this number (7.4%) or most women faced documentation issues in obtaining a loan from MFI.
- The study found that most (99%) beneficiaries paid their loan at a particular time. However, only (1%) of the respondents couldn't pay their loans due to lack of income and increased expenditures.
- It was also found that (99.2%) of the sample respondents had a personal bank account.

Challenges Muslim Women Face in Obtaining a Loan from MFI

- The Fisher's exact test illustrated no significant association between age and challenges faced by women respondents at (5%) significance as the ($P > 0.05$). Thus, the null hypothesis was accepted and concluded that there was no statistical association between age and perceived challenges in obtaining a loan from MFI.
- The Chi-square test for independence manifested no significant association between family type and the challenges except for the government bias in providing opportunities for Muslim women at (5%) significance as the ($P > 0.05$). Hence, except for the last variable, the null hypothesis was accepted and concluded no statistical association between family type and perceived challenges in obtaining a loan from MFI.
- Fisher's exact test indicated a significant association between marital status and challenges faced by respondents except for difficulty due to level of education at (1 and 5%) of significance as the ($p < 0.01$ & 0.05). Therefore, except for complications due to

education, the null hypothesis was rejected and concluded a statistical association between marital status and perceived problems in obtaining a loan from MFI.

- Fisher's exact test revealed a significant association between geographical background and problems faced by respondents at (1 and 5%) of the significance level as ($p < 0.01$ & 0.05). Thus, the null hypothesis was rejected and concluded that there is a statistical association between geographical background and perceived challenges in obtaining a loan from MFI.

Satisfaction of Muslim Women with the MFI Services

- It found that most (81.8%) women respondents agreed with the loan repayment instalment.
- The research found that the majority (70.5%) of sample participants agreed with the savings interest paid by MFI to the beneficiaries.
- Regarding the borrowing interest rate (63.1%), Muslim women's SHGs agreed with the interest rate charged by the MFI.
- The study found that the majority (62.4%) of beneficiaries agreed that microfinance supports them with access to financial literacy.
- Most SHG participants (58.9%) agreed that microfinance helps their children's education.
- Considering the overall product and services provided by the MFI, most (55.8%) of women respondents agreed.
- The study also found that most (31.1%) Muslim SHGs strongly disagree that MFI considers their complaints.

Satisfaction of Muslim Women with the MFI Services

- The Kruskal-Wallis test illustrated a statistically significant difference in satisfaction levels among four marital groups. Hence, the null hypothesis was accepted and

concluded that satisfaction levels among all four married groups of Muslim women were not the same.

- The Kruskal-Wallis test elucidated a statistically significant difference in satisfaction levels among four age groups. Thus the null hypothesis was accepted and concluded satisfaction levels among four age groups of Muslim women were not the same.
- The Kruskal-Wallis test demonstrated a statistically significant difference in satisfaction among the two family types. Therefore, the null hypothesis was accepted and concluded that satisfaction levels among two family types of Muslim women were not the same.
- The Kruskal-Wallis test illustrated a statistically significant difference in satisfaction among the three geographical background regions. Thus, the null hypothesis was accepted and concluded that satisfaction levels among all three geographical areas of Muslim women were not the same.

Empowerment of Muslim Women Through Microfinance SHGs

EFA Analysis

Initially, Exploratory Factor Analysis (EFA) was employed using principal component analysis and SPSS v25. The EFA identified four components, namely financial independence, decision-making ability, socio-culture status, and personal empowerment. Further, on the determined components by EFA, the Dependent (Paired) sample t-test was applied to evaluate the empowerment of Muslim women SHGs after joining SHGs in Dakshina Kannada.

The first factor, Financial Independence, encompassed four variables such as (Access to credit, Improvement in personal income, Saving encouragement, and Personal assets acquisition), with the factor loading of (.678-.754), the variance of (33.98%) the eigenvalue of (5.09), and the Alpha value of (.072).

The second factor, Decision-Making Ability, covered four variables such as (Household asset acquisition, Women's control over household resources, An increase in the number of children attending school, and Participation in cultural events), with the factor loading of (.560-.855) the variance (11.32%), the eigenvalue of (1.69), and the Alpha value of (.782).

The third factor, Socio-Culture Status, included four variables such as (Recognition and communication in the community, Respect among peers, Colleagues, and family, Awareness of banking programs, and Awareness of various state and government schemes implemented in the Muslim rural community) with the factor loading of (.606-.774) the variance of (9.65%), the eigenvalue of (1.44), and the Alpha value of (.740).

The fourth factor, Personal Empowerment, encompassed three variables (Freedom to visit parents, Go to a hospital, and Self-confidence) with the factor loading of (.612-.845) the variance of (7.85%) the eigenvalue of (1.17), and the Alpha value of (.754).

T-Test, Paired Samples

- The paired t-test result determined a substantial difference in the financial independence of Muslim women after joining SHGs. Therefore, the null hypothesis was rejected and found a significant improvement in the financial independence of Muslims after joining SHGs.
- The paired t-test result illustrated a considerable difference in the decision-making ability of Muslim women after joining SHGs. Thus, the null hypothesis was rejected and found a significant improvement in the decision-making ability of Muslims after joining SHGs.
- The paired t-test result indicated a remarkable difference in the socio-culture status of Muslim women after joining SHGs. Hence, the null hypothesis was rejected and found a significant improvement in the socio-culture status of Muslims after joining SHGs.

- The paired t-test result elucidated a noticeable difference in the personal empowerment of Muslim women after joining SHGs. Therefore, the null hypothesis was rejected and found a significant improvement in the personal empowerment of Muslims after joining SHGs.

Analysis of Microfinance Challenges and its Efficiency

Descriptive Analysis

Initially, the Muslim women borrowing behavior from the bank's staff perspective was analyzed by employing descriptive and multiple responses to evaluate categorical variables indicating the number of times an answer was selected.

- The study found according to the MFI's staff agriculture was the most (10.9%) frequent purpose for obtaining a loan by Muslim women SHGs
- According to the MFI's staff, the most frequent purpose that MFI grant loans to the women beneficiaries was access to financial resources (24.9%).
- It was found that most Muslim women (58.5%) used the obtain loan with the cooperation of a male household member.
- It was found that (94.3%) of the beneficiaries repay their loans monthly.
- According to the MFI's staff most cases (31.5%), the non-repayment reasons were illness and lack of income and savings.
- When it comes to loan repayment, there were always defaulters, and in most cases (77.4%), the defaulted groups were to face denials for other loans and the imposition of fines.

EFA Analysis

Initially, Exploratory Factor Analysis (EFA) was conducted using principal component analysis and SPSS v25. The EFA identified two components, such as administrative and lending issues of microfinance in empowering Muslim women SHGs. In addition, on the

extracted component by EFA, the RII was employed to explore the relative importance index of challenges of MFI in empowering Muslim women's SHGs in Dakshina Kannada.

The first factor, Administrative Issues, included nine variables (lack of management skill, unhealthy competition, lack of technology system, lack of cooperation among staff, absence of feedback mechanism system, lack of staff's knowledge of the procedure, lack of staff's legal awareness, lack of support from the government, and low level of staff education), explained the administrative issue of microfinance with the factor loading of (.853 - .958), the total variance of (69.29%), the eigenvalue of (7.62), and the Alpha of (.974).

The second factor, Lending Issue, covered two variables (Dissatisfaction with interest rate, and Dissatisfaction with loan repayment instalment), indicated the lending issues with the factor loading of (.903 - .944) accounted for (15.80%) of the variance, (1.73) the eigenvalues, and alpha of (.849).

Relative Importance Index (RII)

After running the EFA, to rank, the identified components variable-wise, extracted by EFA, the Relative Importance Index (RII) was employed.

- The administrative issues of microfinance institutions ranked first, and the RIIs of this factor ranged from (.347- .430), which shows the medium and medium-low RI range according to Akadiri (2011) and among all the nine variables, unhealthy competition among the MFIs was first ranked item by RII (Table 62).
- The lending issues of microfinance institutions ranked second, and the RII of this factor ranged from (.316) and (328), which shows the medium-low RI according to Akadiri (2011) (Table 62).

Efficiency of MFIS

To assess the perceived importance of MFIs' efficiency in empowering Muslim women's SHGs, the RII was conducted as a suitable tool. The test was run on seven variables

evaluating the MFIs significance in empowering women SHGs. (Microfinance is an important tool in socio-economic empowerment) was ranked first with an RII of (.901) and so on; the remaining six variables raged (.856-.901), which defined the high RI range according to Akadiri (2011) (Table 63).

Suggestions

Although the research's findings revealed SHG program of microfinance empowered the Muslim women communities, and the study's respondents were satisfied with the microfinance services. Based on research findings the following suggestions can be made, and the government and MFIs must consider some revisions.

Government

- The research respondents were concerned about the government bias in providing opportunities for Muslim women's SHGs. The state government can offer more opportunities and programs for Muslim women as they are deprived due to men's domain norms and religious beliefs.
- State and central governments may constitute an educational amendment act for Muslim communities to educate their children, specifically their daughters.
- Since the data on the administration of SHG is managed by state and central government, the government officials should maintain a separate record of the Muslim SHG population state and district-wise.

Microfinance Institutions

- According to the study findings, MFI was not considering Muslim women's complaints; MFIs should pay more attention to addressing Muslim women's complaints and challenges in obtaining loans.
- It also found that most study sample participants were married (88.9%); however, only (5.7%) of beneficiaries were unmarried, followed by (4.9%) of widows and (.5%) of

divorcees. It will be an efficient initiative to pay more attention to widows, and divorced women as widows and divorced women are more responsible for their children and family liabilities. Likewise, encouraging more unmarried women as they can focus more on their small businesses and are less liable to family and children's liabilities.

- MFIs may appoint a separate committee to measure women's empowerment, particularly in Muslim women communities.

Government and Microfinance Institutions

- According to the study findings, most Muslim women (60.2%) were between 25-40 and occupied in beedi rolling (55.2%). Government and MFIs may provide employment training to encourage these young women to start a variety of home-based small businesses rather than just beedi rolling, which is harmful to human health.
- The research found that most (41.39%) women beneficiaries had only primarily schooled. These women should be aware of the importance of education and providing sufficient opportunities such as scholarships, free education for girls, mid-day meals, etc.
- Although the research respondents were agreed with the interest charges by MFI, which is (12%) and according to the (SCDCC) bank, it's the lowest interest, MFIs with the collaboration of the state government should consider a lower rate, because for the people below the poverty line it's a high-interest rate to pay.
- Since access to credit, particularly for women, requires collateral security, government, MFIs and donor NGOs may pay more attention to providing free collateral security loans to small business women owners.

Conclusion

The main objective of the research was to evaluate the influence of SHG programs of microfinance on Muslim women in Dakshina Kannada. Besides exploring the challenges, these MFIs face in empowering these women. For this purpose, the author considered the most established dimensions of women empowerment based on frameworks constructed by various authors and scholars in multiple fields of social sciences, including financial, socio-cultural, legal, political, psychological, and other relevant domains. From the mentioned dimensions, this study addressed specific indicators of women empowerment after consultations with the subject experts and senior faculties, as researching all dimensions of the subject matter was not possible in the study due to time and financial constraints.

The study findings indicated participation in the SHG programs of microfinance significantly influenced the Financial Independence, Decision-Making Ability, Socio-Culture Status, and Personal Empowerment of Muslim women after joining SHGs.

In addition, the research also revealed that most Muslim women were satisfied with microfinance services except for the variable microfinance considering their complaints. Besides, to assess the satisfaction levels considering their demographic profile such as marital status, age groups, family types and geographical areas Kruskal-Wallis test illustrated a statistically significant difference in satisfaction levels among Muslim women SHGs.

Moreover, the study's findings determined there is no significant association between the perception of Muslim Women's SHGs regarding loan obtaining problems from MFI and demographic variables (age group and family type) except for the government bias in providing opportunities for Muslim women's SHGs. However, there is a significant association between the perception of Muslim Women's SHGs regarding loan obtaining problems from MFI and demographic variables (marital status and geographical background) except for the complications due to the level of education in availing a loan.

Further, the research result explored and assessed the most significant challenges MFI face in empowering Muslim women perceived by the sample respondents (bank managers) are Administrative and Lending Issues. Lack of management skills, unhealthy competition, lack of technology system, lack of cooperation among staff, absence of feedback mechanism system, lack of staff's knowledge of the procedure, lack of staff's legal awareness, lack of support from the government, and low level of staff education are the administrative challenges. In addition, the Dissatisfaction of women with the interest rate, and the Dissatisfaction with loan repayment instalment are the lending issues found to be the significant challenges that MFI face in empowering Muslim women SHGs.

Last but not least, the efficiency of MFIs perceived by the MFI's staff has also been explored and ranked in this study; these factors include; Tool for socio-economic development and poverty reduction, Financial tool for neglected societies, tool for women empowerment and other disadvantaged sections of the communities, Tool for Start-up /Growth of Businesses, Tool that increases saving and income, Tool that facilitates financial literacy showing the MFI's productivity.

Limitations of the study

This study's targeted population were Muslim women communities. And collecting data from Muslim women was one of the biggest challenges of the study. The research targeted population were unwilling to participate and contribute to the survey due to political issues (National Register of Citizens) or (NRC). The author couldn't receive the MFIs' cooperation to collect the required data from MFIs and their Muslim women SHGs and ended up only with Muslim women members of the NAVODYA Self Help group scheme of South Canara District Central Cooperative (SCDCC) bank. Therefore, the sample size for this research was confined to the Muslim women SHGs of (SCDCC) bank in Dakshina Kannada.

The other limitation was the spread of Covid-19 diseases and lockdown periods made the data collection procedure very long. Besides time, financial resources, the unwillingness of research respondents to participate and contribute to the survey due to the mentioned issue and language barriers between the researcher and respondents were other significant limitations of the study.

However, the most robust efforts were made to provide the most accurate understanding of the impact of SHG participation in empowering Muslim women and the challenges MFIs face in empowering these women in the Dakshina Kannada district with the mentioned limitation.

Scope for Further Research

Although the study of women's empowerment through microfinance is getting outdated in many countries and decades of research have covered almost all aspects of women's empowerment, the review of literature determined studies on Muslim women's SHG communities, particularly in Dakshina Kannada district of Karnataka, still evolving. Thus, it examined the influence of microfinance on Muslim women's SHG. Besides, the study explored the challenges these institutions face in empowering Muslim women in Dakshina Kannada.

Therefore, this research opens up various avenues for future studies on the empowerment of the Muslim women communities by extending this work and considering a few microfinance institutions and a larger sample size of the Muslim women SHG with a control group with similar backgrounds.

Besides, this work can also be extended by comparing Muslim women's SHGs of different MFIs to examine various individual aspects of their empowerment, as well as comparing different MFIs to investigate their challenges in overall women empowerment and Muslim women particularly.

This study is conducted using a survey strategy through questionnaires, employing different parametric and nonparametric statistical tools such as EFA, Paired Samples T-tests, Kruskal-Wallis Test, Chi-Square Test and RII to answer the study questions and objectives. Further research is encouraged by utilizing other survey strategies such as face-to-face and oral questionnaires survey strategies, with mixed research methods of quantitative and qualitative techniques applying the most robust statistical tests such as Regression and SEM.

Partial References

1 Khandker, S. R. (2000). Savings, informal borrowing, and microfinance. *The Bangladesh Development Studies*, 49-78.

2 Armendáriz, B., & Morduch, J. (2010). *The economics of microfinance.* MIT press.

3 Kulkarni, N. (2011). A Technology Requirements and Governance Framework for Rural Microfinance: An Indian Perspective. In Advanced Technologies for Microfinance: Solutions and Challenges (pp. 132-147). IGI Global.

4 Sarania, R. (2015). Impact of self-help groups on economic empowerment of women in Assam. *International Research Journal of Interdisciplinary & Multidisciplinary Studies*, 1(1), 148-159.

5 Khan., E. A. & Nooren.,S. (2012). Microfinance and women empowerment: A case study of District Bahawalpur (Pakistan). *African Journal of Business Management*, 6(12), 4514-4521.

6 De Aghion, B. A., Armendáriz, B., & Morduch, J. (2007). The economics of microfinance.

7 Malhotra, A., Schuler, S. R., & Boender, C. (2002). *Measuring women's empowerment as a variable in international development*. In background paper prepared for the World Bank Workshop on Poverty and Gender: New Perspectives Vol(28). Washington, DC: The World Bank.

8 Tariq, S., & Sangmi, M. U. D. (2018). Microfinance and women empowerment: a brief Review of literature. *Pacific Business Review International*, 11(3), 77-83.

9 Ahmad, N. M., & Ahmad, M. M. (2016). Role of microcredit towards socioeconomic empowerment of Pakistani urban women. *The Anthropologist*, 26(3), 189-197.

10 Swapna, K. (2017). Role of microfinance in women empowerment. *International journal of Business Administration and Management*, 7(1), 210-220.

11 Khan, T. A., Khan, F. A., Violinda, Q., Aasir, I., & Jian, S. (2020). Microfinance facility for rural women entrepreneurs in Pakistan: an empirical analysis. *Agriculture*, 10(3), 54.

12 Malhotra, A., & Schuler, S. R. (2005). Women's empowerment as a variable in international development. Measuring empowerment: *Cross-disciplinary perspectives*, 1(1), 71-88.

13 Cheston, S., & Kuhn, L. (2002). Empowering women through microfinance. Draft, *Opportunity International*, 64, 1-64.

14 Latifee, H. I. (2003, June). Microcredit and poverty reduction. *In International Conference on Poverty Reduction through Microcredit*. Taksim-Istambul.

15 Swain, R. B. (2007). The demand and supply of credit for households. *Applied Economics*, 39(21), 2681-2692.

16 Chhay, D. (2011). Women's economic empowerment through microfinance in Cambodia. *Development in Practice*, 21(8), 1122-1137.

17 Lamichhane, B. D. (2020). Microfinance for Women Empowerment: A Review of Best Practices. *Interdisciplinary Journal of Management and Social Sciences*, 1(1), 13-25.

18 Huis, M., Hansen, N., Otten, S., & Lensink, R. (2017). A three-dimensional model of women's empowerment: Implications in the field of microfinance and future directions. *Frontiers in Psychology*, *8*. doi: 10.3389/fpsyg.2017.01678.

19 Gautam, D., Shimla, H. P., & Kumar, A. (2019). An evaluation of women empowerment through microfinance: Factor analysis.

20 Hansen, N., Huis, M. A., & Lensink, R. (2021). Microfinance services and women's empowerment. *Handbook on ethics in finance*, 161-182.

21 Littlefield, E., Morduch, J., & Hashemi, S. (2003). Is microfinance an effective strategy to reach the Millennium Development Goals. *Focus note*, 24(2003), 1-11.

22 Noponen, H. (2003). 12. The internal learning system–A tool for tracking and enhancing empowerment outcomes and wider social impacts of microfinance.

23 Kabeer, N. (2005). Gender equality and women's empowerment: A critical analysis of the third millennium development goal 1. *Gender & development*, 13(1), 13-24.

24 Burra, N., Deshmukh-Ranadive, J., & Murthy, R. K .(2005). *Micro-credit, poverty and empowerment: Linking the triad*. Sage.

25 Kim, J. C., Watts, C. H., Hargreaves, J. R., Ndhlovu, L. X., Phetla, G., Morison, L. A., ... & Pronyk, P. (2007). Understanding the impact of a microfinance-based intervention on women's empowerment and the reduction of intimate partner violence in South Africa. *American journal of public health*, 97(10), 1794-1802.

26 Revathy, B., & Kailash, M. (2012). Impact of Microfinance on Empowerment of Women: An Empirical study of SHGs in Guntur District. *Asian Economic Review*, 54(1), 183-199.

27 Suresh, S. S., & Saravanan, S. (2014). Women empowerment through self-help groups: A case study. *Economic Affairs*, 58(2), 147-154.

28 Arunkumar, S., Anand, A., Anand, V. V., Rengarajan, V., & Shyam, M. (2016). Empowering rural women through micro finance: an empirical study. *Indian Journal of Science and Technology*, *9*(27), 1-14.

29 Kratzer, J., & Kato, M. P. (2013). Empowering women through microfinance: Evidence from Tanzania. *ACRN Journal of Entrepreneurship Perspectives*, 2(1), 31-59.

30 Fayyaz, S., & Khan, A. (2021). Impact of microfinance on quality of life, personal empowerment and familial harmony of female borrowers in Pakistan. *Journal of Public Affairs*, 21(3), e2614.

31 Bansal, S., & Singh, A. K. (2020). Examining the social and entrepreneurial development of women through microfinance in Indian context. *Journal of Management Development*.

32 Sultana, H. Y., Jamal, M. A., & Najaf, D. E. (2017). Impact of microfinance on women empowerment through poverty alleviation: An assessment of socio-economic conditions in Chennai city of Tamil Nadu. *Asian Journal for poverty studies (AJPS)*, 3(2).

33 Reddy, C. S., & Manak, S. (2005). *Self-help groups: A keystone of microfinance in India-women empowerment and social security*. Andhra Pradesh Mahila Abhivruddhi Society (APMAS). India: Hyderabad.

34 Sarumathi, S., & Mohan, K. (2011). Role of Micro Finance in Women's Empowerment (An Empirical study in Pondicherry region rural SHG's). *Journal of Management and Science*, 1(1), 1-10.

35 Swain, R. B., & Wallentin, F. Y. (2012). *The impact of microfinance on factors empowering women: Regional and Delivery Mechanisms in India's SHG Programme*. Stanford Center for International Development Working Paper No, 492, 492.

36 Swain, R. B., & Wallentin, F. Y. (2014). *The impact of microfinance on factors empowering women: Regional and Delivery Mechanisms in India's SHG Programme*. Stanford Center for International Development Working Paper No, 492, 492.

37 Sarma, M. K. (2013). Study on Socio-economic Condition of Self Help Group Members in Golaghat District of Assam. *International Journal of Innovative Research and Development (ISSN 2278–0211)*, 2(4), 186-195.

38 Bhoj, S., Bardhan, D., & Kumar, A. (2013). Determinants and implications of rural women's participation in microfinance programme: An analysis of dairy self-help groups in Uttarakhand state of India. *Livestock Research for Rural Development*, 25(10), 1-11.

39 Begum, SA (2014), ‘Impact of Self-Help Groups on Empowerment of Rural Women – A Case Study in Guntur District of Andhra Pradesh’, *Global Journal for Research Analysis*, 3(8), 1-2.

40 Brody, C., Hoop, T., Vojtkova, M., Warnock, R., Dunbar, M., Murthy, P., & Dworkin, S. (2016). “Can self-help group programs improve women’s empowerment? A systematic review,”. *Journal of Development Effectiveness*, 9(1), 15-40. doi: 10.1080/19439342.2016.1206607.

41 Laha, A., & Kuri, P. K. (2014). Measuring the impact of microfinance on women empowerment: A cross country analysis with special reference to India. *International Journal of Public Administration*, 37(7), 397-408.

42 Murshid, N. S., & Ball, A. (2018, July). *Examining women's physical mobility and microfinance participation in Bangladesh: Results from a nationally representative sample*. In Women's Studies International Forum, (69), 33-39. Pergamon.

43 Rao, S. (2008) Reforms with a female face: gender, liberalization and economic policy in Andhra Pradesh, India, *World Development*, 36(7), 1213–1232. doi: 10.1016/j.worlddev.2007.06.020.

44 Mukherjee, A.K. (2015). "Empowerment through government-subsidized microfinance program." *International Journal of Social Economics*, 42(1), 2 – 18. doi: 10.1108/ijse-02-2013-0036.

45 Pattenden, J. (2010) A neo-liberalisation of civil society? Self-help groups and the labouring class poor in rural south-India, *Journal of Peasant Studies*, 37(3), pp. 485–512.

46 HDR. (2014). *Dakshina Kannada Human Development Report*. Dakshina Kannada Zilla Panchayat Government of Karnataka